

City Service Area

Strategic Support



Mission: *To effectively develop, manage and safeguard the City's fiscal, physical, technological and human resources to enable and enhance the delivery of City services and projects.*

The Strategic Support CSA has ownership and responsibility for leading and managing the City organizations that facilitate the innovative and efficient delivery of services and programs to customers. This CSA develops and enables strategies that facilitate the City Council's vision for the community. The strategic support elements of the CSA promote the organization's business goals by:

- Recruiting and developing a high performing workforce;
- Building and maintaining the capital assets of the organization;
- Providing effective state-of-the art technologies as a resource for staff and customers; and
- Securing and managing the fiscal resources required to deliver services and programs.

Through these collective efforts, partners in this CSA provide the leadership, direction and resources required to modernize the organization while at the same time sustaining and continuing to enhance the quality of life for the entire community of San José.

Primary Partners

Finance
General Services
Human Resources
Information Technology
Public Works
Retirement Services

CSA OUTCOMES

- A High Performing Workforce that is Committed to Exceeding Internal and External Customer Expectations
- Safe and Functional Public Infrastructure, Facilities and Equipment
- Effective Use of State-Of-The-Art Technology
- Sound Fiscal Management that Facilitates Meeting the Needs of the Community

City Service Area Strategic Support *BUDGET SUMMARY*

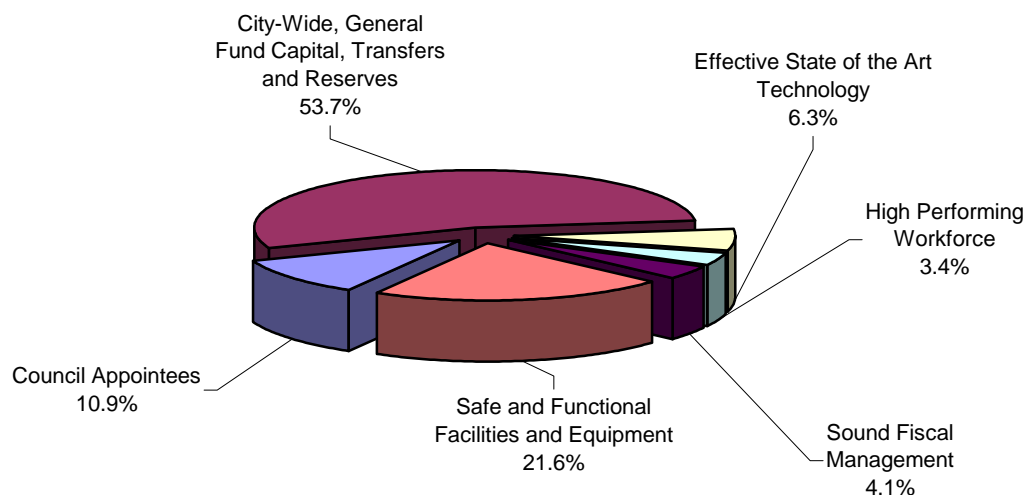
Budget at a Glance

| | 2006-2007 Adopted | 2007-2008 Adopted | % Change |
|------------------------------|----------------------|----------------------|-------------|
| Total CSA Budget (All Funds) | \$339,778,905 | \$377,044,898 | 11.0% |
| Total Authorized Positions | 1,064.63 | 1152.35 | 8.2% |

Budget & Performance Highlights

- The City collected \$1.3 million in Business Tax payments through the Amnesty Program, which represents a 30% increase from its projected goal.
- Following a successful Process Streamlining Pilot Project, the City Council gave the Public Works Director authority to award construction contracts up to \$1 million. During the pilot program, project time savings ranged from 14-19 calendar days and cost savings averaged \$11,000 per project.
- \$3.5 million was included in the 2006-2007 budget to improve the City's technology infrastructure. In the 2007-2008 Adopted Budget, an additional \$5.1 million is allocated to address critical technology issues, such as migrating legacy applications for business tax licensing to the Integrated Billing System and replacing network equipment at the Police Department campus.
- Funding was approved in this budget for the implementation of a Revenue Collections Strategic Plan. Five new support positions will allow existing positions to focus exclusively on collections efforts.
- Contracting in some facility maintenance activities (electrical and plumbing) will add new positions and result in a more cost-effective service delivery method than the use of contractual services.
- Funding is included for critical human resources areas, such as recruitment and transactions, Return to Work Program, and employee recognition efforts.

2007-2008 Total Operations by Outcome



City Service Area
Strategic Support
BUDGET SUMMARY

City Service Area Budget Summary

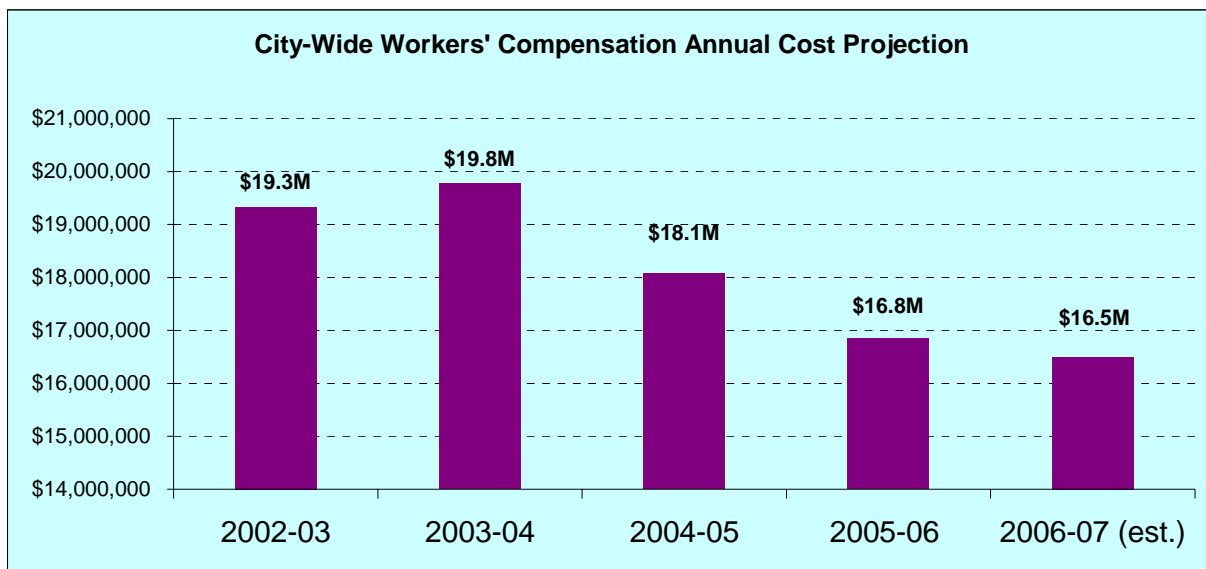
| Dollars by Core Service | 2005-2006 Actual 1 | 2006-2007 Adopted 2 | 2007-2008 Forecast 3 | 2007-2008 Adopted 4 | % Change (2 to 4) |
|-----------------------------------------------------------------------|--------------------------|---------------------------|----------------------------|---------------------------|-------------------------|
| Administer Retirement Plans | \$ 2,297,502 | \$ 2,790,001 | \$ 2,953,537 | \$ 2,953,537 | 5.9% |
| Debt Management* | 1,189,610 | 1,353,100 | 1,080,540 | 1,069,540 | (21.0%) |
| Disbursements | 1,634,680 | 1,780,719 | 1,899,971 | 1,801,738 | 1.2% |
| Employee Benefits | 1,724,078 | 1,875,892 | 1,972,643 | 1,972,643 | 5.2% |
| Employment Services | 1,122,049 | 1,236,523 | 1,261,696 | 1,590,283 | 28.6% |
| Facilities Management | 15,840,163 | 20,030,748 | 19,296,936 | 18,985,218 | (5.2%) |
| Financial Reporting | 1,129,522 | 1,662,725 | 1,610,595 | 1,724,872 | 3.7% |
| Fleet & Equipment Services | 16,766,706 | 17,383,675 | 18,267,245 | 18,191,160 | 4.6% |
| Health and Safety | 3,013,553 | 3,451,754 | 3,851,351 | 4,455,202 | 29.1% |
| Manage and Support the Info. Tech. Infrastructure | 5,546,364 | 8,724,856 | 9,993,245 | 10,319,461 | 18.3% |
| Performance Development | 200,207 | 701,179 | 586,053 | 535,565 | (23.6%) |
| Plan, Design and Construct Public Facilities and Infrastructure | 29,508,874 | 30,565,505 | 31,760,787 | 31,574,279 | 3.3% |
| Provide Enterprise Tech. Systems and Solutions | 5,636,478 | 6,371,705 | 7,775,646 | 9,844,449 | 54.5% |
| Purch. And Mat'l Management | 2,482,326 | 3,082,002 | 3,595,130 | 3,467,182 | 12.5% |
| Revenue Management | 4,827,499 | 6,072,735 | 5,233,044 | 5,853,606 | (3.6%) |
| Support Departmental Technology Services | 2,490,554 | 2,042,947 | 2,113,390 | 2,113,390 | 3.4% |
| Strategic Support | 14,041,595 | 15,197,410 | 16,045,396 | 16,889,071 | 11.1% |
| Total Strategic Support CSA | \$109,451,760 | \$124,323,476 | \$129,297,205 | \$133,341,196 | 7.3% |
| MAYOR, CITY COUNCIL AND APPOINTEES | \$ 31,600,695 | \$ 37,984,732 | \$ 39,575,230 | \$ 41,111,287 | 8.2% |
| Other Programs | | | | | |
| City-Wide Expenses | \$ 67,770,330 | \$ 57,477,031 | \$ 44,627,709 | \$ 76,718,877 | 33.5% |
| General Fund Capital, Transfers and Reserves | 2,838,984 | 119,993,666 | 70,885,800 | 125,873,538 | 4.9% |
| Subtotal | \$ 70,609,314 | \$ 177,470,697 | \$ 115,513,509 | \$ 202,592,415 | 14.2% |
| Total Strategic Support | \$211,661,769 | \$339,778,905 | \$284,385,944 | \$377,044,898 | 11.0% |
| Authorized Positions | 1,055.85 | 1,064.63 | 1,105.35 | 1,152.35 | 8.2% |

* Prior to 2007-2008, this core service was titled Debt and Risk Management.

City Service Area Strategic Support *FIVE-YEAR BUSINESS PLAN*

Current Position *How are we doing now?*

- Since the downturn in the economy and in four out of the last five years, overall Strategic Support functions have been significantly reduced, adversely impacting the CSA's ability to effectively provide equitable support to an organization of this complexity and size. These reductions have affected other CSAs provision of direct services to the community.
- For the first time in three years, in 2006-2007 Human Resources conducted testing for classifications utilized on a city-wide basis. One-time funding was provided to enable the department to conduct testing for ten different classifications. This established new eligibility lists allowing both internal and external candidates to test for employment opportunities with the City.
- In response to a study commissioned by the City Manager's Office, Human Resources is developing ways to expedite the recruitment process. The effort will be focused through a "Matrix" type business process in partnership with various departments that have a high volume of recruitments. The initial "Matrix" partnership with the Airport was implemented in October 2006.
- During 2006, 21 executive-level recruitments were initiated or completed by the Human Resources Department either independently or in conjunction with an executive search firm.
- City-wide training efforts continue to focus almost exclusively on management development programs. Classes on computer, analytical, and communication skills continue to be offered at a minimum level.
- For the third straight year, workers' compensation costs are projected to be lower than the prior year. This success is the result of working collaboratively with departments to implement a risk reduction program and efforts in preventing and mitigating past claims and costs.
- A comprehensive review of the organization's risk management activities was released in March 2006. As a result of this study, a new enterprise-wide risk management function will be consolidated and enhanced in the Human Resources Department.
- The Retirement Services investment team oversaw \$4.3 billion in assets in 2006-2007. This was an increase from the 2005-2006 level of \$3.8 billion.



Current Position *How are we doing now? (Cont'd.)*

- The General Services Department is working with the City Auditor's Office to finish the implementation of recommendations from the most recent audit of the City's fleet. The Department will continue its efforts to reduce the time required to complete work orders and increase the percentage of the City's fleet that is in compliance with replacement criteria. Above all, the CSA is committed to maintaining 100% fleet availability for public safety.
- The Central Service Yard Phase II Project is essentially complete. This project has allowed for the consolidation of staff resources, provided more cost effective operations within several departmental operations, and has allowed the City to vacate the main Corporation Yard in Japantown to make way for a major mixed-use development. The General Services Department is working with the Redevelopment Agency to clean up, market, and sell the site.
- The City Council approved a Design Build contract in October 2006 based on recommendations by a team from Public Works, Airport, Finance, and the City Manager's Office for the Airport Terminal Area Improvement program (TAIP). The TAIP scope of work consists of a new Terminal B, modifications to Terminal A, the phased tear down of Terminal C, and roadway, signage, and landscape improvements to support the new terminal area.
- Technology infrastructure assessments have been initiated with one-time funding provided in 2006-2007. The City is focusing on providing a strong information technology infrastructure to support expanded networks, new systems, and modern technologies.
- In response to Sunshine Reform recommendations a process has been implemented which allows City elected officials to now post their calendars on the City website, making it possible to view appointments of the Mayor and City Council in one location online. In addition, a new room reservation system is being rolled out in a phased approach and will serve as a foundation for establishing a city-wide master calendar of events.
- The network operations center (NOC) located at the Old City Hall is almost vacant. Final arrangements for rerouting network connections, moving remaining application servers, and identifying alternatives for old VAX applications are in progress. The redundant voice and data equipment is planned to be moved to the Central Service Yard in September 2007. In August 2007, Council approved negotiations to replace a major VAX application, the Business Tax License Application, with a new application that is designed into the Integrated Billing System (IBS). Growth in the City's data storage requirements supports the need for a storage area network (SAN) implementation at the City Hall NOC. Although vendor selection for this project was recommended in January 2007, the project was delayed as a result of a vendor's concerns regarding ambiguous specifications. The SAN request for proposal is anticipated to be re-released at the end of August 2007. A recommendation for the purchase of Sun servers should be brought to the Council in September 2007.
- Information Technology staff have successfully transitioned from the need for contractual assistance for day-to-day management of the Nortel network in all areas, with the exception of the Telecommunications Unit, due to retirement of key personnel. Completion of this changeover is anticipated for 2007-2008.
- After over 18 months of work, the C-UBS system went "live" on July 12, 2006 and was renamed the Integrated Billing System.
- The City's goal is to provide residents, visitors, businesses, and government agencies with wireless services. The Information Technology Department drafted the RFP for "Consultant Services for the Deployment of a city-wide Wireless Broadband Network" to provide strategic and tactical guidance for how to proceed. The RFP was issued on April 3, 2007 and closed on May 7, 2007. Contract negotiations are in progress and expected to be finalized in September 2007, with the recommendations and final product to be delivered by December 2007.
- To date, the organization has managed to maintain very favorable bond ratings (the highest for a large California city with a population over 250,000) in spite of the economic downturn that impacted our City. The high bond ratings have allowed for the continued financing of capital projects at the lowest possible cost.

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FIVE-YEAR BUSINESS PLAN

Current Position ***How are we doing now? (Cont'd.)***

- With limited funding and minimal staffing levels, technology support staff strives to ensure that enterprise applications remain available, accessible, and current. The Financial Management System (FMS) underwent an upgrade that provides users with a Windows-based interface. The City's Time Card Front End (TCFE) and PeopleSoft HR/Payroll applications were enhanced to accommodate the special time reporting and project tracking needs of the Public Works Department. Further, the Oracle PeopleSoft HR/Payroll system was upgraded to version 8.9, which allows the City's system to remain on a supported platform and receive federal and State regulatory updates. In conjunction with the version 8.9 upgrade, a new vacation accrual process, a general ledger interface, and benefits administration improvements were implemented.
- As a result of the Business Tax Amnesty Program, the City was able to bring into compliance 3,066 new accounts and 2,187 delinquent accounts. Total collections exceeded the \$1 million target by more than 30%. In addition, there will be ongoing revenue realized from the annual renewal process.
- Finance completed partial implementation of the Procurement Reforms through issuance of various City Policies, Council Policies, and an RFP Manual. In addition, Council approved a streamlined Municipal Code governing procurement which provides for enhanced openness, transparency, fairness, and competition.

Selected Community Indicators ***What external conditions influence our strategies?***

- There is concern in local government about the approaching demographic crisis facing the local government management profession. As 80 million baby boomers retire throughout the United States economy, there are only 50 million Generation Xers available to fill the vacancies left by the wave of retirees.
- Seven of the largest municipalities in California, including San José, have been working together over the last four years to quantify and document the actual cost of delivering capital projects and to identify and implement Best Management Practices (BMPs). Collaboratively, the agencies participating in the California Multi-Agency CIP Benchmarking Study set goals for improving project delivery.
- The Pew Internet & American Life Project survey results indicate that through the end of March 2006, 42% of Americans reported having high-speed internet at home, up from 30% in March 2005.
- The 2006 Finance and Technology Customer Survey found that 80% of City employees had the technology they needed to meet their service delivery needs; and 81% had the financial information they needed to make informed decisions.
- General obligation bond ratings – Aa1 (Moody's) and AA+ (Standard & Poor's and Fitch)

Trends / Issues / Opportunities ***What developments require our response?***

- Over the next five years, 32% of the City workforce will be eligible for retirement (age 55) and 24% will be likely to retire (age 55 with at least 15 years of service). The City is developing a workforce planning strategy to develop current employees for succession and to attract the next generation of workers to public sector employment.
- As the cost of medical insurance continues to increase faster than both revenues and the cost of living, the CSA continues to explore opportunities to minimize the impact on the City and the employees. As strategies of shifting costs are short-term and evade the root cause of the cost increases, the focus of our efforts will be to minimize utilization that could be avoided through education and healthier lifestyles.

Trends / Issues / Opportunities

What developments require our response? (Cont'd.)

- The 2006 Employee Survey was conducted in December 2006. Approximately 2,462 employees, or 31% of the workforce, participated in the survey. Selected results are as follows:
 - 85% of employees agree or strongly agree that the City is a good employer.
 - Strategic Support services were rated in terms of employee satisfaction. Results are as follows:
 - 34% of employees are satisfied or very satisfied with computer help desk services;
 - 31% of employees are satisfied or very satisfied with building maintenance services;
 - 28% of employees are satisfied or very satisfied with obtaining parts, supplies, and materials through Purchasing;
 - 19% of employees are satisfied or very satisfied with fleet and heavy equipment maintenance services.
- In 2006-2007 hiring demand returned to levels approximating the pre-freeze 2000-2001 workload. The City was at its lowest hiring level in 2003-2004. In 2004-2005 recruitments increased by 58% from 2003-2004 and then increased an additional 17% between 2005-2006 and the projected volume for 2006-2007. Resources have been allocated to address this significant growth in hiring demand.
- The General Services Department will be in-sourcing some electrical and plumbing services beginning in 2007-2008. In-sourcing plumbing and electrical services should improve service delivery as response times to electrical and plumbing emergencies should decrease, as well as provide savings as City staff costs compare favorably to those of contractors in those areas. To generate further General Fund savings, some contracted-out maintenance services at City Hall will be reduced. Reducing services such as air conditioning maintenance, electrical services, door services, and cleaning services may result in less timely handling of service requests.
- State law mandates all public agencies and utilities to retrofit existing diesel powered on-road vehicles with devices that lower diesel emissions. As of January 2007, the General Services Department has retrofitted 18 vehicles with the help of a grant from the Bay Area Air Quality Management District (BAAQMD). To meet compliance with the State mandate, another 64 diesel vehicles (70% of the City's on-road diesel fleet) will need to be retrofitted or permanently retired by December 2009. All on-road diesel vehicles must be retrofitted by 2011. Funding for the first phase of this project is included in this budget.
- With the growing inventory of new City-owned facilities constructed with funding from capital resources, the General Services Department will need to provide for an increase in service calls, custodial services and preventive maintenance needs related to these investments. While funding to address minor repairs and preventive maintenance for new facilities is added each year, some of this funding has subsequently been reduced due to General Fund shortfalls. This has resulted in a significant reduction in the rate of completed preventive maintenance activities and the reduction of custodial services at most City facilities to a level that allows the department only to meet health and safety requirements.
- City Hall and other City facilities have played host to a number of events during the year, including larger events related to the San José Grand Prix and Zero One, along with smaller City department and Council Office community meetings, and private events. It is important to note, however, that staff resources dedicated to City Hall events has been severely strained and resources budgeted primarily for other activities, such as facility maintenance, have been diverted to event support services in order to meet the growing demand.
- To initiate a review of the City's disability access programs and Americans with Disabilities Act (ADA) Plan, the permanent addition of a City ADA Coordinator has been included in this budget, as required by both the ADA and Section 504. The Coordinator will lead the effort to develop a workplan to 1) evaluate the City's compliance with ADA requirements to provide program access to the public and 2) respond to the disability access issues raised by a Community Development Block Grant Audit initiated by the U.S. Department of Housing and Urban Development.

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FIVE-YEAR BUSINESS PLAN

Trends / Issues / Opportunities *What developments require our response? (Cont'd.)*

- The City must continue to streamline its contracting activity through use of technology, building a competitive vendor base, and review of existing processes while ensuring that applicable rules and regulations are followed and integrity of the procurement process is preserved.
- Extension of the converged network to outlying City facilities is a need for the Police campus and the Central Service Yard's new construction. Appropriate information technology infrastructure to support the expansion must be provided, both inter- and intra-building.
- While \$3.5 million was added to the 2006-2007 budget for technology purposes, a significant investment will be needed over the coming years to address increased reporting requirements, security concerns, additional facilities, and to keep pace with quickly advancing technological developments. All major technology purchases would first be reviewed by the Information Technology Planning Board.
- Dependence upon information systems and services means San José is more vulnerable to security threats. The interconnection of public and private networks and shared information resources increases the difficulty of access control, and the exponential expansion of computer use for daily performance of duties and responsibilities of most City employees dictates a need for a secure and reliable set of information security practices and processes. An RFP is underway for a security audit to validate current practices, identify strengths and weaknesses in the current environment, and provide recommendations for improvement.
- The City currently has 300 network servers, 20 application servers, 10 database servers, 5,000 workstations, 30 network interfaces with external governmental agencies, 10 network interfaces with external business organizations, and approximately 1 million transactions processed online per day, with 30 million lines of print produced weekly. The technical network architecture has been built over many years, including the addition of the converged network in City Hall, and spans more than 18 major locations and hundreds of network connections. An RFP is underway for a Network Architecture Audit to provide an assessment of the current environment, conduct a risk analysis to identify areas of risk and provide recommendations for improvement.
- Sunshine Reforms respond to community concerns regarding the ready availability of information. The Sunshine Reform Task Force continues to explore strategies to make the necessary information available to the public.
- 24 x 7 technical support for information systems is a critical city-wide need. Prior budget reductions had eliminated "off-hours" technical support. One-time funding in 2006-2007 provided overtime for "off-hours" support, and ongoing funding beginning in the 2007-2008 budget will allow the Information Technology Department to continue to provide technical support for such critical business applications such as payroll, the Financial Management System, the Integrated Billing System, and the Computer Aided Dispatch system.
- The increasing complexity and size of City information systems with increasing amounts of data require fast and reliable storage. The City continues to work towards the implementation of a new storage area network (SAN) for the City's network operations center. This SAN will provide storage and the infrastructure necessary for business continuity and disaster management essential to providing services and recovering data through all types of events.
- It is critical that the City protects existing revenue streams, pursues opportunities for new revenue, and maintains the best possible bond ratings due to a climate of uncertainty with regards to budgetary actions by other governmental jurisdictions and for the financing of capital projects at the lowest possible cost.
- The Governmental Accounting Standards Board (GASB), Statement No. 45 requires governments to report the amount of unfunded liabilities for post-retirement benefits other than pensions, such as for medical benefits. GASB 45 also encourages governments to fund these liabilities over the long-term. An initial estimate of the City's current unfunded liability for post-retirement benefits exceeds \$1 billion. As an initial investment towards closing that gap, pending the development of a longer term strategy, \$2 million in funding is included in this budget.

Policy Framework *What policies guide our strategy?*

- City Council Priorities
- Strong Neighborhoods Initiative Priorities
- City Master Plans
- Council Adopted Policies (Investment and Debt Management Policies)
- CSA Partner Business Plans
- Economic Development Strategy
- Information Technology Planning Board Charter

General Plan Alignment

Although Strategic Support services are not directly reflected in the City's General Plan, the CSA plays a vital role in ensuring that all City services and programs have the fiscal, physical, technological, and human resources to achieve the goals set forth in the General Plan.

Key Strategic Goals & Objectives *Where are we going?*

Strategic support functions are critical within any organization. Basic core services must continue at an effective level and with flexibility that allows for expansion and enhancement in a timely manner upon economic recovery.

Outcome 1: A High Performing Workforce that is Committed to Exceeding Internal and External Customer Expectations

- **Develop a Comprehensive Workforce and Diversity Plan** – Over the next five years, 32% of the City workforce will be eligible for retirement, while 24% are likely to retire. Combined with a declining number of workers entering the workforce and even fewer college graduates indicating a preference for careers in government, the organization is faced with a significant challenge. Strategies are being implemented to develop current employees and attract new talent so that the City's workforce can continue to deliver top-quality services while meeting changing customer demands.
- **Attract and Retain Qualified Employees** – Continue to provide services that enhance the organization's ability to hire and retain a high-performing workforce. Objectives in this area include maintaining a streamlined process for conducting executive recruitments, enhancing diversity outreach to broaden candidate pools, and continuing advanced management development programs to develop current employees. As significant hiring challenges are anticipated over the next five years, the CSA will work to ensure recruitment pools have the highest qualified and available candidates for selection by departments.
- **Promote a Safe and Healthy Work Environment** – Continue to work in partnership with other City departments to provide a proactive safety and risk reduction program that is in compliance with all applicable State and federal regulations. The program's success in reducing the number of employee injuries and claims has resulted in significant workers' compensation savings over the past few years. Key objectives are to maintain successes and the trend of cost decreases while mitigating the effects of recent staff and funding reductions.
- **Mitigate Rising Medical Insurance Costs** – Minimize the impact of rising medical insurance costs on the City and its employees. Current strategies focus on annual independent actuarial reviews, regular competitive processes to minimize cost increases, and active participation with local coalitions to explore other risk reduction options. In the future, strategies will be proposed which focus on healthy lifestyles for plan participants as a significant portion of cost increases are due to higher utilization.

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Key Strategic Goals & Objectives *Where are we going? (Cont'd.)*

Outcome 2: Safe and Functional Public Infrastructure, Facilities and Equipment

- **Deliver Facilities and Infrastructure** - This CSA will continue to provide well-constructed facilities and infrastructure that meet the needs of San José residents and the City staff. This goal will continue to be achieved through the plan, design, and construction of capital projects that comply with Council's priorities, the City's Master Plans, and the standards established in the engineering guidelines.
- **Maintain and Update City's Standard Plans and Specifications for Construction Projects** – As a standard service, the Public Works Department provides up-to-date plans and specifications to City staff, construction companies, consultants, and private developers. The last update of the document was completed in 1992. The CSA is committed to update and maintain the document for use by city-wide staff and the construction and development community.
- **Support Vital Municipal Functions** - The Department of Public Works supports city-wide services to continually improve the quality of life for the San José community through:
 - Equality Assurance - Ensures that proper compensation and benefits are paid to workers performing work on City and San José Redevelopment Agency funded construction contracts and City funded service and maintenance contracts.
 - Americans with Disabilities Act Coordination – Serve as the City's Americans with Disabilities Act (ADA) coordinator to ensure city-wide compliance with ADA laws that apply to City policies, facilities, and grant programs.
 - Geographic Information System (GIS) - Maintains county-wide aerial photography, base map, and contours, which are useful for computer aided dispatch system and crime analysis, airport neighborhood noise prevention, and property tax assessment.
 - Real Estate Services - Administers the City's real property leases and disposal of surplus properties along with the property acquisition for City projects.
- **Greening City Facilities and the City Fleet** – At the direction of the City Council and with the partnerships of other CSAs, the Strategic Support CSA will continue its efforts to establish the City as a leader in environmental sustainability. The CSA is planning to expand the number of "green" City buildings while also reducing inefficiencies in its current stock of buildings. "Greening" new and existing City facilities is intended to result in long-term improvements in the comfort and productivity of building occupants, as well as increased efficiency and cost savings in building operations. Similarly, the CSA is making a concerted effort to grow the portion of the fleet (currently 34%) that uses some form of alternative fuel. This will produce lower emissions of air polluting materials and greenhouse gases. The City's efforts in both areas are likely to require a substantial monetary investment, so a part of the CSA's effort will be to analyze the cost and benefits associated with them on a full life cycle basis.

Outcome 3: Effective Use of State-Of-The-Art Technology

- **Enable Technology Users** – Continue to work towards effective deployment and use of state-of-the-art technology by identifying and addressing critical city-wide technology needs. These vital areas include procurement of resources for the stabilization of day-to-day operations; identification and quantification of areas of exposure and recommendations for improvement and implementation of plans that leverage City investments, such as development of an RFP for a shared content management system. In response to Sunshine Reform recommendations, master calendar software has been installed, and City elected officials can now post their calendars on the City website, making it possible to view appointments of the Mayor and City Council in one location online. Replacement of existing network equipment for the Police Department campus is planned for 2007-2008.

Key Strategic Goals & Objectives

Where are we going? (Cont'd.)

Outcome 3: Effective Use of State-Of-The-Art Technology (Cont'd.)

- **Standardize and Consolidate Technology** - Identify opportunities to merge databases, consolidate resources, and encourage the use of City technology standards and leverage existing City resources. In February 2007 an RFP was released for a shared content management system to establish common tools and data management responses in support of shared and common applications such as web services, GIS, and Enterprise Content Management Systems (ECMS). The City's GIS strategy, as adopted by the Information Technology Planning Board (ITPB), is to establish a core GIS infrastructure managed by the Information Technology Department with data management responsibilities held by user departments. Once requirements are determined, the purchase of a technology inventory management system would enable ITD to "read" user computers for inventory purposes, deploy software upgrades to users from a central location, store and track software licensing information, and serve as a HelpDesk diagnostic tool.
- **Network Availability** - Maintain availability and support for network/telecommunication operations to ensure availability of systems to employees and customers by streamlining operations wherever possible. The City will endeavor to leverage the converged network infrastructure established at City Hall by upgrading off-site phone systems to VoIP whenever possible. The Information Technology Department's recent assessment of the condition of the technical infrastructure of the Police Department campus revealed that the existing network had grown significantly with expanded services over the past five years. One-time funding to cover the costs associated with network equipment replacement for the Police Department campus was approved for 2007-2008.
- **IT Master Planning** - Facilitation of the establishment of city-wide information technology standards and optimization of the City's technology investments through implementation of an effective IT Master Plan is a key component of successful project implementation. The first major effort of the ITPB, Architecture Committee and the CSA Technology representatives was the completion of CSA technology Master Plans in January 2006. These plans have helped to provide departments with an understanding of technology issues city-wide. RFPs are in progress for the development of a city-wide WIFI communication strategy, and RFPs will soon be released for audits of network security and network architecture, as well as departmental business requirements. The results will be incorporated into the master planning process.
- **Customer Contact Center** – In support of the mission to enable service delivery to all customers, the City's Customer Contact Center has been incorporated into the Information Technology Department.
- **Integrated Billing System (IBS)** – After over 18 months of work, the C-UBS system went live in July 2006 and was renamed the Integrated Billing System (IBS). A fit-gap analysis was conducted during 2006-2007 to address the move of legacy billing systems from Old City Hall. The business tax licensing application, for example, which issues approximately 80,000 business tax licenses generating revenue ranging from \$11.5 to \$14 million dollars, still runs on the VAX system. Integration of this application with IBS was delayed due to the need to limit the scope and cost of Phase I of the IBS project. Funding that has been added in 2007-2008 for professional contractual services to complete legacy system migration will include this crucial integration.

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Key Strategic Goals & Objectives

Where are we going? (Cont'd.)

Outcome 4: Sound Fiscal Management that Facilitates Meeting the Needs of the Community

- **Maintain Strength of the City's Financial Position** - This CSA must continue to ensure that the City's financial resources are protected and available to address short and long-term needs of the community. This goal is accomplished by proactively billing and collecting revenues due to the City, by maintaining adequate insurance at the lowest cost and best coverage possible, by facilitating timely and accurate disbursements, by investing City funds in accordance with the Investment Policy, by providing accurate and timely financial reports, by effectively and efficiently procuring goods and services, and by maximizing the revenue of surplus property.
- **Enable City Management to Make Informed Decisions Regarding the Financial Affairs of the City** - Provide financial management system reports and tools to City staff, prepare the City's annual financial report, process payroll and accounts payable transactions in an accurate and timely manner and maintain, and reconcile the general ledger.
- **Manage and Protect the City's Resources to Enhance the City's Financial Condition** - Develop and streamline business systems and processes that support the delivery of City services, process cash collection in a timely manner, invest the City's cash prudently, maintain excellent bond ratings to facilitate financing capital projects at the lowest possible cost, and provide adequate coverage for risk exposures. Enhance the City's financial condition through strategic alignment of collection efforts and revenue enhancement resources.
- **Purchase Goods and Services to Support City Operations** - Provide goods and services to departments in support of their operational goals at the best possible price through competitive procurement processes, administering the City's procurement card program, disposing of surplus and obsolete equipment and supplies in a cost-effective manner, and establishing city-wide records management guidelines.

City Service Area
Strategic Support
TWO-YEAR INVESTMENT STRATEGY

Overview

Strategic support functions are critical within any organization. Basic core services must continue at an effective level and with flexibility that allows for expansion and enhancement in a timely manner upon economic recovery. The extended budget challenges created by the current economic environment have resulted in a significant reduction for this CSA since 2002-2003. Such reductions challenge the delivery of core services that this CSA is charged with providing to the organization. The Strategic Support CSA is committed to continue to deliver basic services that support the organization. To accomplish this, the CSA will:

- 1) assign priority to key strategic support core services;*
- 2) collaborate with line CSAs to safeguard strategic support core services;*
- 3) utilize alternative funding sources where practical; and,*
- 4) strategically implement service reduction cuts that account for and assess the impact to customers and employees.*

Key Investments & Objectives *How will we accomplish our goals?*

Investment strategies are briefly outlined below and linked to CSA Outcomes and performance goals.

Outcome 1: A High Performing Workforce that is Committed to Exceeding Internal and External Customer Expectations

Year 1: 2007-2008 – Planned Service Strategies

- **Employment Services** - While a city-wide hiring freeze enters into its sixth full year, hiring activity has increased by approximately 75% since 2003-2004 when hiring activities were at their lowest levels. Additional resources have been included in this budget to address the backlog of classification requests, the high number of executive-level recruitments, and the ongoing demand for city-wide testing and the workload associated with replacing the anticipated retirement of one-quarter of the workforce over the next 5 years. Staff has also engaged departments in partnering in a “Matrix” relationship to expedite hiring processes as well as a review of the advantages of additional automation to improve hiring.
- **Employee Recognition** - In 2006-2007 a city-wide team of volunteer employees developed a revitalized recognition program called “RECOGNIZE!” During the first year, the team’s accomplishments included production of two major recognition events for City employees, implementation of the online Employee News Network, and formalization of the newly established Employee Values. Additional one-time funding of \$50,000 has been approved to enhance this program and further recognize employees’ efforts, accomplishments, and value to the organization.
- **Succession Planning** - With projections indicating that up to one-quarter of the current workforce is likely to retire within the next five years, staff is focusing on strategies to ensure that the organization continues to attract and develop a diverse workforce, at all levels. In addition to developing partnerships with local universities and providing advanced leadership training for current employees, staff is in the process of selecting a consultant to assist with the development of a comprehensive succession planning strategy and workplan.
- **Risk Management** - A comprehensive review of the organization’s risk management activities was released in March 2006. As a result of this study, a new enterprise-wide risk management function will be consolidated and enhanced in the Human Resources Department. It includes the redeployment of three staff positions and corresponding non-personal/equipment funding from the Finance Department and the addition of five Workers' Compensation Claims Adjusters and one Senior Analyst. This enhanced function will provide a more strategic approach to risk identification, reduction and control for the entire City organization.

City Service Area
Strategic Support
TWO-YEAR INVESTMENT STRATEGY

Key Investments & Objectives *How will we accomplish our goals? (Cont'd.)*

Outcome 1: A High Performing Workforce that is Committed to Exceeding Internal and External Customer Expectations (Cont'd.)

Year 1: 2007-2008 – *Planned Service Strategies (Cont'd.)*

- **Return to Work** – The addition of a Senior Analyst position is included in this budget to provide dedicated management of the City's Return to Work Program. This position will ensure that the organization complies with ADA/FEHA requirements to provide reasonable accommodations to injured employees as well as reduce City liabilities and achieve cost savings.

Year 2: 2008-2009 – *Projected Service Strategies*

- **Employment Services** – Efforts will continue to focus on addressing the hiring, classification, and compensation needs of the organization.
- **Workforce Planning** – Staff will continue to develop and implement strategies to address the challenges created by the anticipated retirement of approximately one-quarter of the workforce over the next 5 years.
- **Health and Safety** – Efforts will continue to focus on overall cost savings through risk reduction.
- **Employee Benefits** – In an effort to minimize the impact of increasing medical insurance costs, staff will continue to focus on long-term cost-containment solutions that reduce utilization through education and healthier lifestyles.

Outcome 2: Safe and Functional Public Infrastructure, Facilities and Equipment

Year 1: 2007-2008 – *Planned Service Strategies*

- **Facilities Maintenance** - The cost competitiveness of City trades staff and customer service staff has been analyzed over the past three years. In both categories, the result favored contracting-in. For 2007-2008, there are several contracting-in opportunities which will generate operational and budgetary efficiencies. Rather than contract-out, the addition of three Electricians and one Plumber is included in this budget to provide corrective maintenance services for electrical and plumbing systems at a lower cost than that of a contractor. The addition of these positions will provide greater flexibility and availability to respond to urgent or emergency issues.
- **Replacing the City Fleet** - In order to meet General Fund savings targets, an ongoing reduction in replacement funding for non-public safety vehicles was approved. The reduction of \$150,000 will still result in an annual budget of \$1,600,000 for general fleet replacement. This will allow the replacement of a substantial portion of the current equipment that meets replacement guidelines. Replacement priority will be given to equipment and vehicles that are critical to program service delivery needs and are in danger of failing. Public Safety vehicles will not be impacted as a result of this reduction and will continue to be replaced according to the established replacement criteria.
- **Deferred Infrastructure Maintenance Needs** – In the Budget Priority Setting Session, held in February 2007, one of the goals identified was to “Reduce deferred maintenance and the infrastructure backlog and develop a strategy to improve the infrastructure.” The first strategic objective identified for this goal was the creation of a 2-year workplan to identify prioritized needs and potential funding mechanisms. The General Services and Public Works Departments are part of an inter-CSA team under the guidance of the City Manager's Office. Future steps identified for this effort include completing a full inventory of the City's infrastructure elements, proposing condition standards for them, and research and evaluate various funding sources for increased infrastructure maintenance.

Key Investments & Objectives *How will we accomplish our goals? (Cont'd.)*

Outcome 2: Safe and Functional Public Infrastructure, Facilities and Equipment (Cont'd.)

Year 1: 2007-2008 – *Planned Service Strategies (Cont'd.)*

- **Capital Project Delivery** - Lead the effort to coordinate, manage, and account for the delivery of capital projects. Due to the reduced ability of the organization to maintain and operate some of the newly constructed or improved facilities, the CSA will strategically align project delivery with operations and maintenance requirements. This outcome will continue to explore opportunities to streamline and improve the project delivery process.
- **Capital Project Management** – The Public Works Department, in conjunction with the Information Technology Department, will increase the use of technology in project management by enhancing the Capital Project Management System by continuing to refine and expand the use of the Resource Planning and Project Cost Estimating modules, which will provide staff with additional applications and resources for effective and timely project delivery. The Department will embark on a major effort to update the City's standard plans and specifications to provide up-to-date guidelines on contract procurement methods, building materials, and construction methods for the use of City staff, and construction and private development communities. This investment is expected to improve efficiency in delivering construction projects.
- **Equality Assurance** - Continue to monitor and enforce wage requirements to ensure proper compensation and benefits are paid to workers performing services on City and San José Redevelopment Agency contracts. Continue to adapt and remain innovative about overcoming impediments interfering with monitoring and enforcing wage requirements while still maximizing staff resources to ensure labor compliance.
- **Real Estate** – Continue to develop City-Owned Property Database, and seek opportunities to improve efficiency and consistency in lease agreement negotiation and land acquisition. Public Works anticipates bringing a progress report to the City Council in 2007-2008 on the development of the City-Owned Property Database and identifying policy issues relating to the generation of income from City-owned property toward reducing the structural deficit.
- **Americans with Disabilities Act (ADA) Program Coordination** – With the addition of a Senior Analyst position, ensure ADA compliance in both City facilities and facilities occupied by community-based organizations, and city-wide compliance with ADA laws which apply to City policies, facilities, and grant programs.

Year 2: 2008-2009 – *Projected Service Strategies*

- **Fleet Management** - Maintain the City's leadership role in promoting and validating alternative fuel opportunities and reap the potential benefits of advanced emission reduction options by expanding the City's alternative fueled vehicle complement. Fleet Management will also continue to align fleet utilization standards and strategic replacement program efforts to right size the City fleet.
- **Facility Management** - Be proactive in development stages of new facilities to ensure that design and construction is approached from a life cycle perspective as well as meeting the overall goals and strategies of the organization. Creating strategic deferred maintenance and Capital Replacement plans with achievable funding models will also be addressed.
- **Capital Project Delivery** - Seek continuous improvements to the project delivery process and explore opportunities to reduce the barriers that may interfere with the effective and timely delivery of capital projects. Continue to maximize the use of staff resources to ensure the delivery of projects within agreed upon time and cost commitments. Continue the update of the City's standard plans and specifications and expect efficiency improvement associated with the use of the updated construction document.

City Service Area
Strategic Support
TWO-YEAR INVESTMENT STRATEGY

Key Investments & Objectives *How will we accomplish our goals? (Cont'd.)*

Outcome 3: Effective Use of State-Of-The-Art Technology

Year 1: 2007-2008 – Planned Service Strategies

- **Technology Customer Support** - Continue to assess service delivery to determine where improvements are needed. Procure the resources necessary to meet implementation deadlines, secure completion of critical tasks, and provide skills transfer for maintenance of new technologies.
- **Enterprise Applications** - Strengthen city-wide technology in the areas of Geographic Information Systems, Web, and content management. Needs assessments will be undertaken for a Police records management system and for a financial enterprise resource planning (ERP) system.
- **Infrastructure** – As part of the continued efforts to improve the City's technical infrastructure, focus efforts upon expansion of voice and data networks.
- **Network Availability** - Continue to maintain availability and support for network/telecommunication operations to ensure availability of system to employees and customers by streamlining operations wherever possible. The City will leverage its investment in Voice over Internet Protocol technology by expanding services at remote locations (outside of City Hall) whenever possible.
- **IT Governance** – Administer city-wide IT oversight through restructuring and resource realignment to better address the needs of individual City Service Areas and provide a more integrated approach to customers in conjunction with the Information Technology Planning Board approval process.
- **Business Continuity** – A coordinated strategy involving plans, procedures, and technical measures enabling the recovery of business systems, operations, and data following a disruption needs to be documented in order to meet business continuity objectives. As part of this strategy, a storage area network (SAN) implementation is planned for the Network Operations Center (NOC) at City Hall, and an RFP is underway for a Security Audit to identify strengths and weaknesses in the current environment and provide recommendations for improvement.

Year 2: 2008-2009 – Planned Service Strategies

- **Further Consolidation** - Investigate the possibilities of consolidating application programming resources to offer pooled support for department specific computer applications. Audit the City website and its navigation, and use the results to develop an enterprise support, development, and management strategy.
- **Technology Master Plans** - Strategically plan and implement city-wide IT technology resources to better leverage investments for the benefit of the entire organization via an effective master planning process. Use the results from WIFI communications strategy, network architecture, network security, and business requirement studies to strengthen the City's communications plan, which involves a strategy for deploying and supporting the information technology infrastructure.
- **Business Continuity** - Expand the City's data backup and recovery plan to include additional security, such as designing a duplicate NOC to be located at a separate location (redundant NOC).

Key Investments & Objectives *How will we accomplish our goals? (Cont'd.)*

Outcome 4: Sound Fiscal Management that Facilitates Meeting the Needs of the Community

Year 1: 2007-2008 – *Planned Service Strategies*

- **Revenue Management** - Proactively and aggressively protecting existing city-wide revenue streams along with administering and reviewing opportunities for new revenue streams under a climate of continued economic uncertainty. Strategies include conducting revenue compliance reviews and continuing to integrate the Utility Billing System with other legacy billing applications that are outdated and currently at risk for obsolescence and lack of maintenance.
- **Revenue Collection Strategic Plan** – Collection staff will focus on evaluating the outstanding accounts receivable and develop a collections strategy to significantly decrease outstanding accounts receivable. In addition, staff will develop options for a revenue amnesty program to waive penalties and interest.
- **Revenue Compliance** – Continue conducting compliance reviews on landfills, utility users, and transient occupancy taxes. Expand the in-house sales tax program to realize more revenue and to reduce consultant fees.
- **Business Tax Collection** – In order to increase the business tax revenue, the City will begin to use the Business License Enforcement Program, which will allow the Finance Department to utilize the Franchise Tax Board database to identify non-compliant businesses in San José. The Finance Department, in conjunction with the Planning, Building and Code Enforcement Department is developing a Business Tax Amnesty Program as part of the development permitting process. Program recommendations will be brought forward to the City Council for consideration in fall 2007.
- **Debt Management** - Continue the goal of maintaining the City's excellent bond ratings of Aa1/AA+/AA+ (Moody's/Standard & Poor's/Fitch), in order to continue financing capital projects at the lowest possible cost.
- **Investment Management** – As a result of the recommendations made by Macias Consulting Group in their "Evaluation of the Investment Unit", commence implementation of efficiency measures, program enhancements and technology improvements within the Investment Program. This will provide opportunities to diversify the City's portfolio within both the parameters of the Investment Policy and the California Government Code and within the policy objectives of safety, liquidity, and yield.
- **Procurement and Materials Management** - Continue to implement cost reduction strategies including maximizing the use of the competitive bidding process, consolidation of service delivery contracts, and the utilization of cooperative procurement contracts by expanding the existing vendor base, and through the use of technology. Additionally, the CSA will implement a support structure for contracting of professional services and issuance of Request for Proposals. In alignment with the City's Economic Development Strategy, the CSA will continue outreach efforts to local and small businesses.
- **Financial Management System** – Conduct a needs analysis concerning replacement of the Financial Management System with state-of-the-art management software. The needs analysis will include inventorying city-wide databases and applications and reviewing operations to identify opportunities for consolidating systems, streamlining business processes, and evaluating internal controls.

City Service Area
Strategic Support
TWO-YEAR INVESTMENT STRATEGY

Key Investments & Objectives *How will we accomplish our goals? (Cont'd.)*

Outcome 4: Sound Fiscal Management that Facilitates Meeting the Needs of the Community (Cont'd.)

Year 2: 2008-2009 – Planned Service Strategies

- **Revenue Management** - Continue to proactively and aggressively pursue protecting existing city-wide revenue streams along with administering and reviewing opportunities for new revenue streams under a climate of continued economic uncertainty. In order to be more effective and efficient, new skip tracing techniques and enhancements to the Revenue Plus System will be implemented.
- **Debt Management** - Maintain the City's excellent bond ratings in order to continue financing capital projects at the lowest possible cost.
- **Procurement and Materials Management** - Continue to implement cost reduction strategies including maximizing the use of the competitive processes, consolidating service delivery contracts, and utilizing cooperative procurement contracts to expand city-wide support for contracting of professional services and issuance of Request for Proposals. As directed by the City Council, Finance worked with Human Resources and the Office of Employee Relations to investigate the feasibility of closing the Central Warehouse. Based on the assessment, Finance is preparing to issue a Request for Information (RFI) to identify potential vendors who are capable of providing the same service through a Just-In-Time contract. After the results are analyzed, Finance will present a preliminary analysis to the City Council for consideration.

Outcome 1: A High Performing Workforce that is Committed to Exceeding Internal and External Customer Expectations

Risk Management Reforms

In September 2006, the City hired a consulting firm to conduct a comprehensive risk management assessment for the organization. Based on this assessment, staff has put forth recommendations regarding changes to risk management structure, practices, and staffing. This will create an enterprise-wide risk management program to provide a more strategic, effective, and accountable approach to risk identification, reduction, and control for the entire organization. Changes include the following:

- **Implement a Centralized Risk Management Organizational Structure** - Risk management functions in Finance and Human Resources will be consolidated into a unified risk management program under the Human Resources Department.
- **Augment Staffing Levels** – The addition of five Workers' Compensation Claims Adjusters and one Senior Analyst is included in this budget. These additions are necessary to reduce the high cost of risk and to be more proactive in loss control to reduce injuries and liabilities to the City.
- **Ensure Long-Term Success of Risk Management** - A Risk Management Planning Board will be created to provide guidance and leadership on risk management policies and issues.

“Matrix” Hiring Model

Increasing recruitment activity paired with funding reductions has impacted Human Resource's ability to provide employment services to departments. In response, the City Manager's Office engaged Management Partners in September 2006 to study the City's recruitment processes and make recommendations

for improvement. The firm conducted a number of workshops both with Human Resources and its client departments and identified areas in which improvement could be made. However, the firm also stressed, that without additional staffing for the department, no meaningful change could occur. Also identified by the firm was the need for improved systems to reduce redundancy and enable additional efficiencies.

Because employment staffing could not be increased to its pre-freeze staffing level, Human Resources has initiated a 12-month Pilot Matrix Program, for target departments with significant hiring needs, to improve the City's recruitment and hiring practices.

The Pilot Matrix Program focuses first on recruitment. Analysts and Senior Analysts serving in the pilot program as Human Resources Matrix Analysts are housed with client departments. This means the Matrix Analyst is a resident in the client department - they maintain an office and a presence in the client department as well as attend the client departmental staff meetings to ensure they have knowledge of jobs, operations, and current and future needs.

Departments identified to have extraordinary recruitment needs include Airport, Planning, Building and Code Enforcement (PBCE), Parks, Recreation and Neighborhood Services (PRNS), Environmental Services, and Public Works. The Pilot Matrix was implemented in Airport in October 2006 and has had great success in reducing the time to hire and increasing the hiring volume. Environmental Services, PBCE, and PRNS have recently implemented the Matrix.

City Service Area
Strategic Support
PERFORMANCE BY OUTCOME

Outcome 1: A High Performing Workforce that is Committed to Exceeding Internal and External Customer Expectations (Cont'd.)

| 5 Year Strategic Goals | CSA Performance Measures | 2008-2012 5-yr Goal | 2006-2007 1-yr Target | 2006-2007 Estimate | 2007-2008 1-yr Target | 2008-2009 2-yr Target |
|------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|--------------------------|-----------------------|--------------------------|--------------------------|
| A. Optimize the attraction and retention of qualified employees to meet the service delivery needs of the organization | 1. Turnover Rates: Total, Non-Public Safety, Public Safety, and Information Technology employees | <6% | <6.5% | 6.1% | <7.0% | <7.0% |
| | 2. % of hiring managers rating probationary employees as meets standard or above | 95% | 95% | 98% | 95% | 95% |
| B. Align systems that develop and maintain a high-performing workforce | 1. % of employees who agree or strongly agree they clearly understand the performance expectations of their job | 85% | 82% | 81% | 81% | 83% |
| | 2. % of employees who are satisfied or very satisfied with the recognition received for doing a good job | 55% | New Measure | 48% | 48% | 50% |
| C. Develop and encourage supervisors and managers that support a high-performing workforce | 1. % of employees who agree or strongly agree they receive timely, constructive feedback on performance and they are provided opportunities to make decisions regarding their job | 50% / 80% | 55% / 78% | 46% / 76% | 46% / 76% | 48% / 78% |
| | 2. % of employee performance appraisals completed on schedule | 60% | 20% | 33% | 40% | 40% |
| D. Foster a shared vision with employee representatives about the characteristics of a high-performing workforce | 1. % of employees who agree or strongly agree they have the skills and knowledge they need to do jobs or there is a plan to obtain them | 95% | 95% | 94% | 94% | 95% |
| | 2. % of the public having contact with City employees who are satisfied or very satisfied with the customer service based on courtesy, timeliness, and competence | 85% | 80% | 80% | 82% | 82% |
| | 3. % of employees who agree or strongly agree they understand the City's vision and how their work contributes to a core service | 85% / 85% | 80% / 82% | 76% / 81% | 76% / 81% | 80% / 82% |
| | 4. % of employees who are satisfied or very satisfied with their job | 85% | 80% | 80% | 80% | 82% |
| | 5. % of employees who agree or strongly agree the City is a good employer | 86% | 84% | 85% | 85% | 85% |
| | 6. % of employees who rate their overall satisfaction with Human Resources as satisfied or very satisfied | 55% | 62% | 41% | 41% | 45% |
| E. Provide the necessary and required safety and health services that ensure employees health, safety and well-being | 1. Number of Workers Compensation claims per 100 FTEs | 18.0 | 17.0 | 17.6 | 17.0 | 18.0 |

Changes to Performance Measures from 2006-2007 Adopted Budget: Yes¹

¹ Changes to Performance Measures from 2006-2007 Adopted Budget

+ “% of employees who are satisfied or very satisfied with the recognition received for doing a good job” was added to establish a baseline indicator upon which to measure the impact of the city-wide and departmental Employee Recognition Programs. This data comes from the bi-annual Employee Survey.

Outcome 2: Safe and Functional Public Infrastructure, Facilities and Equipment

Safety First

A common theme in several of the core services of this outcome is the focus on safety first. Health-and safety related building issues and public safety fleet availability will continue to be the first priority of this outcome and the core services will strive to ensure that performance measures related to safety will be maintained at 100%.

Maintaining the Building Inventory

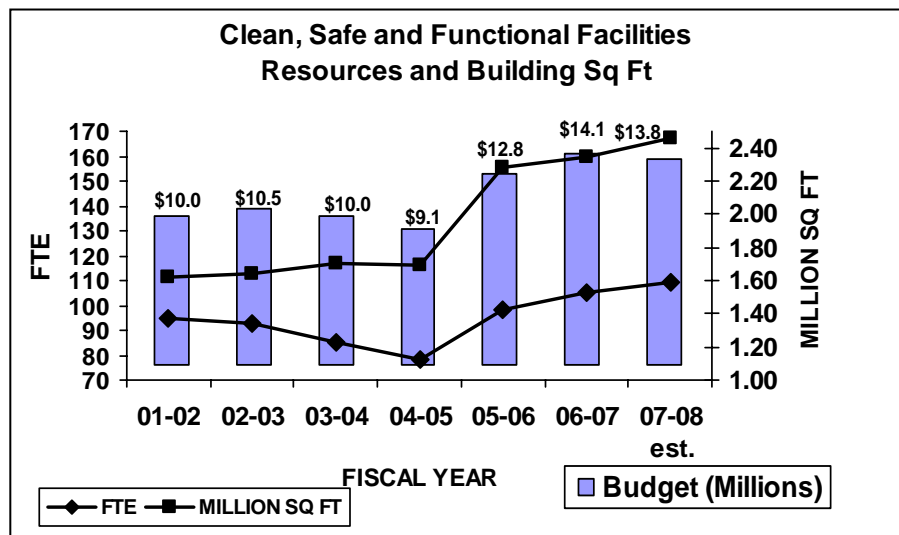
The addition of new or rehabilitated building facilities through the City's aggressive capital program continues to add new building space to the existing building facility inventory. However, operating budget reductions over the past few years have required a shift in focus in order to maintain and support these key infrastructure investments.

General Services has increased its involvement in facility design review in order to proactively identify and address maintenance concerns before new construction and major facility improvements are constructed. In addition, the development and implementation of General Services' computerized maintenance management system (CMMS) has been key in managing and tracking the performance of facility assets. The data captured is instrumental in the efficient allocation of maintenance resources.

City Hall

City Hall was added to the facility inventory in 2005-2006, increasing the square footage for which this outcome is responsible by 30%. Resources were added to maintain this high profile investment, however, City Hall is unlike any other City facility and its remarkable popularity for events and meeting usage has stretched those resources significantly. Resources from other activities, such as facility maintenance, have been diverted to event support services in order to meet the growing demand.

As City Hall approaches its second anniversary, the building generally continues to work well as staff adjusts operations to meet the building's needs. Critical needs, such as the addition of a secondary cooling system for the Network Operations Center (NOC), are brought forward for consideration as soon as they are identified. Additional improvement projects, such as enhanced signage, safety railings, and automatic doors, are forthcoming through the Public Works process. Some of these improvements are expected to result in increased maintenance costs. Once identified, General Services will bring these costs forward for consideration during future budget development stages.



City Service Area
Strategic Support
PERFORMANCE BY OUTCOME

Outcome 2: Safe and Functional Public Infrastructure, Facilities and Equipment
(Cont'd.)

Fleet Availability

Fleet availability is a primary focus as the organization adjusts to recent changes in fleet size and replacement standards.

As the City continues to focus on public health and safety as a first priority, over 80% of fleet services will be assigned to support public health and safety to continue to meet the goal of 100% fleet availability. This allocation of resources to public health and public safety has the potential of impacting service delivery to general fleet maintenance activities and availability that supports these programs.

Furthering this resource allocation strategy, public safety-related vehicle replacement needs will be fully funded while general fleet replacement funding will still be limited. However, general fleet replacement will be funded at its highest level (\$1.6 million) in over five years, allowing for a substantial number of older, unreliable pieces of equipment to be replaced, thereby improving fleet availability in some areas where it has been less than desirable.

“Decade of Investment”

The City’s Capital Improvement Program (CIP) remains strong and active and continues to deliver a remarkable number of projects during this “Decade of Investment”. Virtually every neighborhood in the City has seen improvements to its community facilities in the form of parks, libraries, community centers, transportation, and infrastructure improvement projects. The City has one of the largest capital programs of any large city in the country and is actively awarding contracts and construction projects throughout the neighborhoods. The investment in the City’s infrastructure through completion of capital projects helps to attract businesses and families to live and work in San José.

City project teams continue to make significant progress in delivering completed projects to the community. From July 2000 to June 2006, the City completed 949 projects. An estimated 127 projects are scheduled to be completed during 2006-2007, which will result in over 1,000 completed projects in the City of San José during this decade and billions of capital program dollars being put into the local economy.

The city-wide capital program performance measurement results are reported in this section of the operating budget. While the City is delivering a record number of capital projects, project teams place a high priority on the timely delivery of capital projects as well. For 2006-2007, an estimated 79% of the 134 projects scheduled for completion will be delivered on time. Despite the focus on timely project delivery, there are a number of reasons that project schedules do become extended. These include extended coordination with other agencies (utility connections, relocations and permits) and extended land acquisition or environmental review processes. Occasionally, projects will also require a greater degree of community input during the design phase, which can also cause a schedule to become extended.

Project teams will continue to be proactive in addressing issues affecting timely project delivery and will continue the practice of conducting regular coordination meetings during the project life cycle to ensure that unforeseen project issues are addressed in a timely manner. In addition, project management tools continue to be developed through the City’s Capital Project Management System (CPMS), which will further allow project management staff to effectively track project costs and schedules on an ongoing basis. These efforts will help improve future project delivery performance results.

City Service Area
Strategic Support
PERFORMANCE BY OUTCOME

Outcome 2: Safe and Functional Public Infrastructure, Facilities and Equipment
(Cont'd.)

| 5 Year Strategic Goals | CSA Performance Measures | 2008-2012 5-yr Goal | 2006-2007 1-yr Target | 2006-2007 Estimate | 2007-2008 1-yr Target | 2008-2009 2-yr Target |
|------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|--------------------------|-----------------------|--------------------------|--------------------------|
| A. City-Wide delivery of quality CIP projects on-time and on-budget | 1. % of CIP projects that are delivered within 2 months of approved baseline schedule | 85% | 85% | 79%* 106/134 | 85% | 85% |
| | 2. % of CIP projects that are completed within the approved baseline budget | 90% | 90% | 79% ** 27/34 | 90% | 90% |
| | 3 % of operations and maintenance divisions rating new or rehabilitated capital facilities as being functional and sustainable after the first year of commissioning or use | 80% | 80% | 80%*** | 80% | 80% |
| | 4 % of customers rating new or rehabilitated CIP projects as meeting established goals (4 or better based on a scale of 1-5) | 85% | 85% | 86%**** | 85% | 85% |
| B. Strategic Support CSA delivers quality CIP projects on-time and on-budget | 1. % of CIP projects that are delivered within 2 months of approved baseline schedule | 85% | 85% | 33% 1/3 | 85% | 85% |
| | 2. % of CIP projects that are completed within the approved baseline budget | 80% | 90% | NA * | 90% | 90% |
| | 3. % of operations and maintenance divisions rating new or rehabilitated capital facilities as being functional and sustainable after the first year of commissioning or use | 80% | 80% | 80% | 80% | 80% |
| | 4. % of customers rating new or rehabilitated CIP projects as meeting established goals (4 or better based on a scale of 1-5) | 85% | 85% | 85% | 85% | 85% |

Changes to Performance Measures from 2006-2007 Adopted Budget: Yes¹

NOTES:

* Projects are considered to be "delivered" when they are available for their intended use.

** Projects are considered to be "completed" when final cost accounting has occurred and the project has been accepted.

*** 2006-2007 O&M survey results based on projects that reached beneficial use in 2005-2006.

****2006-2007 Customer Satisfaction survey results based on projects that reached beneficial use in 2006-2007.

NA *These performance measurements measure projects accepted in 2006-2007. No Strategic Support CSA project has been accepted in 2006-2007.

¹ Changes to Performance Measures from 2006-2007 Adopted Budget

✗ "of project delivery costs compared to total construction costs" was eliminated and replaced by a new measure in the Plan, Design and Construct Public Facilities and Infrastructure Core Service. The revision introduces an improved methodology which captures more complete project delivery costs and sets targets based on benchmarks by project cost and type.

City Service Area
Strategic Support
PERFORMANCE BY OUTCOME

Outcome 2: Safe and Functional Public Infrastructure, Facilities, and Equipment
(Cont'd.)

| 5 Year Strategic Goals | CSA Performance Measures | 2008-2012 5-yr Goal | 2006-2007 1-yr Target | 2006-2007 Estimate | 2007-2008 1-yr Target | 2008-2009 2-yr Target |
|----------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------|------------------------|--------------------------|-----------------------|--------------------------|--------------------------|
| C. Provide well-maintained facilities that meet customer needs | 1. % of facilities with a condition assessment rating of good or better (3 or better on a 5-point scale) | NEW | NEW | NEW | 60% | 75% |
| | 2. % of customers who rate facility services as good or excellent based on timeliness of response and quality of work | 90% | 87% | 64% | 80% | 80% |
| | 3. % of facility health & safety concerns mitigated within 24 hours | 100% | 100% | 98% | 100% | 100% |
| D. Provide and maintain equipment that meets customer needs | 1. % of equipment that is available for use when needed: | | | | | |
| | • Emergency Vehicles | 100% | 100% | 100% | 100% | 100% |
| | • General Fleet | 93% | 92% | 92% | 93% | 93% |
| | 2. % of fleet in compliance with replacement cycle: | | | | | |
| | • Emergency Vehicles | 100% | 100% | 100% | 100% | 100% |
| | • General Fleet | 100% | 86% | 87% | 88% | 89% |

Changes to Performance Measures from 2006-2007 Adopted Budget: Yes¹

¹Changes to Performance Measures from 2006-2007 Adopted Budget

↳ “% of facilities with a condition assessment rating of very good or excellent” was changed as the revision more accurately demonstrates the City’s building asset condition by utilizing a weighted averaging methodology based on the square footage of the building asset.

Outcome 3: Effective Use of State-Of-The-Art Technology

Converged Network

Since the implementation of the converged network technology for City Hall, a primary focus has been to bring management of this network in-house with trained City staff. Along with positioning City staff to monitor and manage the Voice over Internet Protocol (VoIP) technology that the converged network provides, another key strategic outcome is integrating, consolidating, and leveraging existing information technology resources for expansion of the converged network. As new networks are implemented or older networks are upgraded, deploying VoIP telecommunication will be at the forefront. The performance target for network availability remains a critical measure of the converged network, which provides access to data as well as voice communications.

Impact of Network Availability

Network availability was measured in two components during 2005-2006: the Old City Hall (OCH) and New City Hall (NCH) networks. The OCH network continues to exceed the current target of 98% reflecting a reduced reliance on the OCH network operations center (NOC). At this time, equipment for the NOC located at the OCH is being phased out, the network will be collapsed, and the fiber path will be rerouted. Consequently, the OCH network availability measure will be phased out in 2007-2008. Maintaining availability of core information technology systems like

the network is a mission critical function of this CSA outcome. To illustrate, one minute of network downtime over a one-year period represents approximately 25 person-hours of time during which staff are unable to make use of systems like email, intranet, MS Outlook and other applications required for conducting business in the City's work environment.

The target for the NCH network in 2007-2008 remains at 99.95% based on service expectations negotiated with the vendor. Performance fell shy of the 99.95% target for the NCH converged network, during the third quarter in 2005-2006 due to a previously unidentified single point of failure within the network. As a result a task force has been assembled to review architecture and enhance redundancy throughout the core infrastructure.

Risk of network downtime as a whole has been increased by recent resource reductions. This is a factor that is not represented in the "network availability" performance measure. Network equipment inventory and maintenance contracts for the NCH core network are currently adequate to expect the target network availability measures to be met or exceeded. Replacement or upgrades to remote network locations will be necessary to achieve the same level of availability for the extended network.

City Service Area

Strategic Support

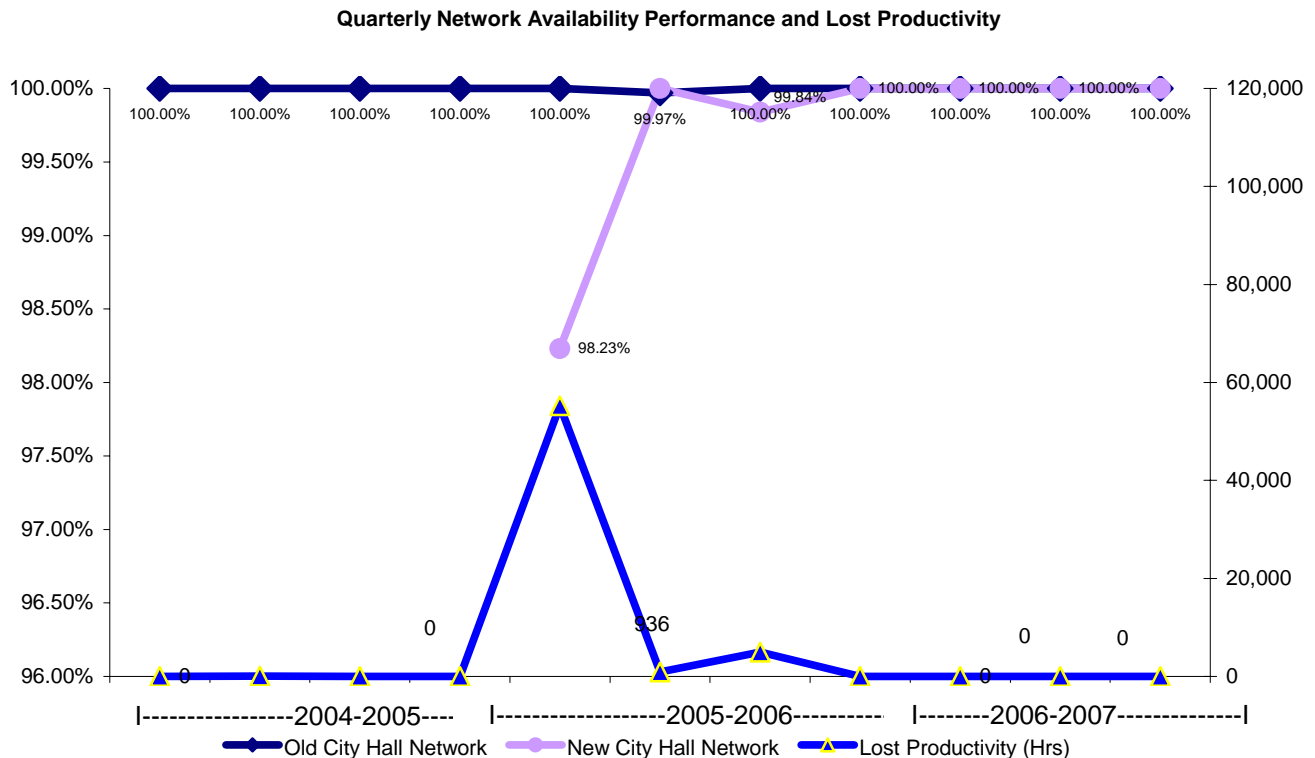
PERFORMANCE BY OUTCOME

Outcome 3: Effective Use of State-Of-The-Art Technology (Cont'd.)

| 5-Year Strategic Goals | CSA Performance Measures | 2008-2012 5-yr Goal | 2006-2007 1-yr Target | 2006-2007 Estimate | 2007-2008 1-yr Target | 2008-2009 2-yr Target |
|--------------------------------------------|--------------------------------------------------------------------------------------------------------------------|------------------------|--------------------------|-----------------------|--------------------------|--------------------------|
| A. Deploy technology resources effectively | 1. % of communication services available during business hours: | | | | | |
| | -Old City Hall Network | N/A | 100.00% | 100.00% | Phase out | N/A |
| | -New City Hall Network | 99.95% | 99.95% | 99.95% | 99.95% | 99.95% |
| | -Telephones | 99.95% | 99.95% | 99.95% | 99.95% | 99.95% |
| | -Combined Availability | 99.95% | 99.95% | 99.97% | 99.95% | 99.95% |
| | 2. % of time system is available during normal business hours: | | | | | |
| | -E-mail | 99.95% | 100.00% | 99.50% | 99.50% | 99.95% |
| | -Financial Management System | 99.00% | 99.00% | 99.00% | 99.00% | 99.00% |
| | - Human Resources/Payroll System | 99.00% | 99.00% | 99.00% | 99.00% | 99.00% |
| | - Call Center System* | 99.95% | 100.00% | 99.00% | 100.00% | 99.95% |
| | - Combined availability | 99.48% | 99.50% | 99.13% | 99.38% | 99.48% |
| | 3. % of managers who say employees have the technology tools they need to support their service delivery functions | 80% | 75% | 75% | 75% | 75% |
| | 4. % of employees who say they have the technology tools they need to support their service delivery functions | 87% | 85% | 83% | 85% | 85% |

*Call Center System changed from Suntrack to IBS-CRM 7/2006

Changes to Performance Measures from 2006-2007 Adopted Budget: No



Outcome 4: Sound Fiscal Management that Facilitates Meeting the Needs of the Community

Bond Rating & Debt Issuance

By maintaining the City's excellent credit ratings, the City continues to provide essential public facilities to the community with low financing costs, saving the City millions of dollars. The City has been making significant capital investments in public facilities such as parks, libraries, public safety, the Airport, and City Hall. These projects are consistent with implementation of the City's "Decade of Investment," through a \$3.12 billion 2008-2012 Adopted Capital Improvement Program, of which approximately 27.6% is to be financed with bonds.

It is critical for the City to maintain its excellent bond ratings, which is a key factor in determining the City's borrowing rate. Because the City has exercised sound fiscal management, even during these recent times of economic uncertainty, San José's bond ratings are the highest for a large California city with a population over 250,000. The City's excellent credit ratings (Aa1 [Moody's] and AA+ [Standard & Poor's and Fitch]) have already saved the taxpayers over \$5 million over the life of the general obligation bonds issued to date, and are estimated to save the taxpayers an additional \$5.4 million over the life of the City's general obligation bonds authorized but not yet issued.

Revenue Generation Projects

As a means to assuring a high performing government which optimizes the level of basic core services provided to the residents and business owners of the City, the Finance Department's Revenue Collection Team has been reorganized to efficiently proceed with several revenue-generating projects. The Collections Team has worked closely with City departments, the San José community, and its business partners to assure the timely and correct payment of monies used to support critical City services.

The Finance Department will continue to improve collection efficiency through the upgrade of the Revenue Plus collection system and implementation of the Business License Information Program (BLIP). Collection staff anticipates generating an additional \$2.6 million in the coming year with these programs.

Procurement Reforms

To ensure openness and transparency in procurement while streamlining the City procurement processes, Council adopted the legal framework for the implementation of comprehensive procurement reforms in February 2007. The reforms include centralization of professional services, vendor protest procedures, and increased contract approval authority for the Director of Finance. Additionally, staff developed and published a series of City policies to ensure a consistent approach for sole source and brand name purchases and appropriate staffing allocations, timeline, outreach, and evaluation factors for procurements valued above \$1 million. Due to budgetary constraints, Finance has opted to delay the implementation of the centralization of contracting for professional services. To ensure a consistent city-wide approach, however, Finance published a Request for Proposal (RFP) Manual and developed a matrix approach with departments issuing such RFPs.

Financial Management System Needs Assessment

The Finance Department, in conjunction with the Information Technology Department, will conduct a needs analysis concerning replacement of the Financial Management System (FMS) with state-of-the-art enterprise management software. The current FMS was installed 20 years ago and, while this vendor is still in the marketplace, it has not developed the level of features and tools available from enterprise software vendors. The lack of an enterprise solution has led to individual City departments procuring and planning to procure stand-alone software applications. This creates connectivity and efficiency problems.

The needs analysis will include inventorying city-wide databases and applications and reviewing operations to identify opportunities for consolidating systems, streamlining business processes, and evaluating internal controls.

City Service Area
Strategic Support
PERFORMANCE BY OUTCOME

Outcome 4: Sound Fiscal Management that Facilitates Meeting the Needs of the Community (Cont'd.)

| 5-Year Strategic Goals | CSA Performance Measures | 2008-2012 5-yr Goal | 2006-2007 1-yr Target | 2006-2007 Estimate | 2007-2008 1-yr Target | 2008-2009 2-yr Target |
|-------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------|------------------------|--------------------------|-----------------------|--------------------------|--------------------------|
| A. Maintain City's bond ratings | 1. City's bond ratings: (General Obligation Bond Rating) • Moody's • Standard & Poor's • Fitch | Aa1 AA+ AA+ | Aa1 AA+ AA+ | Aa1 AA+ AA+ | Aa1 AA+ AA+ | Aa1 AA+ AA+ |
| B. Improve and protect the financial management system and have it available to address short-and long-term needs | 1. % of customers rating financial reporting services as good or better, based on accuracy, timeliness and customer focused processes | 90% | 86% | 83% | 83% | 85% |
| C. Customers have the financial information they need to make informed decisions | 1. % of customers who say they have the financial information they need to make informed decisions | 85% | 81% | 81% | 82% | 82% |

Changes to Performance Measures from 2006-2007 Adopted Budget: No

City Service Area

Strategic Support

ADOPTED INVESTMENT CHANGES

| Adopted Core Service Changes | Positions | All Funds (\$) | General Fund (\$) |
|-------------------------------------|------------------|-----------------------|--------------------------|
|-------------------------------------|------------------|-----------------------|--------------------------|

Outcome: **A HIGH PERFORMING WORKFORCE THAT IS COMMITTED TO EXCEEDING INTERNAL AND EXTERNAL CUSTOMER EXPECTATIONS**

Employment Services (Human Resources)

| | | | |
|----------------------------------|------|---------|---------|
| • Temporary Recruitment Staffing | 3.00 | 308,587 | 308,587 |
| • Rebudget: City-Wide Testing | | 20,000 | 20,000 |

Health and Safety (Human Resources)

| | | | |
|-----------------------------------------------------------|------|----------|----------|
| • Employee Flu Shots Transition | | (40,000) | (40,000) |
| • Health and Safety Non-Personal/Equipment Efficiencies | | (33,300) | (33,300) |
| • Risk Management Program Non-Personal/Equipment Transfer | | 11,000 | 11,000 |
| • Return to Work Program Staffing | 1.00 | 126,151 | 126,151 |
| • Workers' Compensation Program Staffing | 6.00 | 540,000 | 540,000 |

Strategic Support (Human Resources)

| | | | |
|-----------------------------------------------|--------|-----------|-----------|
| • Performance Development Management Staffing | (1.00) | (165,488) | (165,488) |
| • Rebudget: Workforce Planning | | 115,000 | 115,000 |

| | | | |
|-----------------|-------------|----------------|----------------|
| <i>Subtotal</i> | 9.00 | 881,950 | 881,950 |
|-----------------|-------------|----------------|----------------|

Outcome: **SAFE AND FUNCTIONAL PUBLIC INFRASTRUCTURE, FACILITIES, AND EQUIPMENT**

Facilities Management (General Services)

| | | | |
|------------------------------------------------------------|--------|-----------|-----------|
| • In-Source Facilities Maintenance Services | 4.00 | (169,257) | (169,257) |
| • Facilities Maintenance Staffing and Contractual Services | (0.50) | (159,461) | (107,583) |
| • Vehicle Maintenance Staffing | | (3,000) | (3,000) |
| • Light and Sound Technician Support | | 20,000 | 20,000 |

Fleet & Equipment Services (General Services)

| | | | |
|-----------------------------|--------|----------|---|
| • Fleet Management Staffing | (1.00) | (76,085) | 0 |
|-----------------------------|--------|----------|---|

Plan, Design and Construct Public Facilities and Infrastructure (Public Works)

| | | | |
|-----------------------------------------------------|--------|-----------|---|
| • Capital Improvement Program Staffing Realignment | (3.00) | (304,091) | 0 |
| • Public Works Capital Improvement Program Staffing | | 117,583 | 0 |

Strategic Support (Public Works)

| | | | |
|----------------------------------------------------------|------|---------|----------|
| • Vehicle Maintenance Staffing | | (2,323) | (2,323) |
| • Real Estate Program Staffing | 2.00 | 205,498 | 0 |
| • Americans With Disabilities Act Staffing | 1.00 | 134,746 | 172,040 |
| • Sanitary Sewer/Geographic Information System Database* | | 130,000 | 0 |
| • Equality Assurance Staffing | 1.00 | 88,796 | 88,796 |
| • Public Works Administration Funding Alignment | | 0 | (25,483) |

| | | | |
|-----------------|-------------|-----------------|-----------------|
| <i>Subtotal</i> | 3.50 | (17,594) | (26,810) |
|-----------------|-------------|-----------------|-----------------|

Strategic Support

ADOPTED INVESTMENT CHANGES

| Adopted Core Service Changes | Positions | All Funds (\$) | General Fund (\$) |
|----------------------------------------------------------------------------------------------|------------------|-----------------------|--------------------------|
| <i>Outcome: EFFECTIVE USE OF STATE-OF-THE-ART TECHNOLOGY</i> | | | |
| <i>Manage and Support the Information Technology Infrastructure (Information Technology)</i> | | | |
| • Information Technology Non-Personal/Equipment Efficiencies | | (161,045) | (161,045) |
| • Expanded Electronic Storage | | 325,000 | 325,000 |
| • City Hall Telephone Maintenance Technical Support | | 100,000 | 100,000 |
| • Information Technology After Hours Overtime Support* | | 60,000 | 60,000 |
| • Rebudget: Unanticipated Minor Applications and Network Maintenance | | 2,261 | 2,261 |
| <i>Provide Enterprise Technology Systems and Solutions (Information Technology)</i> | | | |
| • Information Technology Website Support Staffing | (0.50) | (43,914) | (43,914) |
| • Customer Contact Center Staffing | 19.00 | 1,317,791 | 194,294 |
| • Integrated Billing System - Phase I Implementation | 6.00 | 750,165 | 68,026 |
| • Technical Assistance for New Electronic Content Management System (ECMS) | | 42,500 | 42,500 |
| • Rebudget: Unanticipated Minor Applications and Network Maintenance | | 2,261 | 2,261 |
| <i>Strategic Support (Information Technology)</i> | | | |
| • Capital Project Management System | 2.00 | 286,958 | 0 |
| <i>Subtotal</i> | 26.50 | 2,681,977 | 589,383 |
| <i>Outcome: SOUND FISCAL MANAGEMENT THAT FACILITATES MEETING THE NEEDS OF THE COMMUNITY</i> | | | |
| <i>Debt Management</i> | | | |
| • Risk Management Program Non-Personal/Equipment Transfer | | (11,000) | (11,000) |
| <i>Disbursements</i> | | | |
| • Accounts Payable Staffing | (1.00) | (98,233) | (98,233) |
| <i>Financial Reporting</i> | | | |
| • Temporary Encumbrance Liquidation Project Staffing* | 1.00 | 114,277 | |
| <i>Purchasing and Materials Management (Finance)</i> | | | |
| • Central Services Management Staffing | (1.00) | (127,948) | (127,948) |
| <i>Revenue Management (Finance)</i> | | | |
| • BIMS Consulting Contract Management | | (70,000) | (70,000) |
| • Integrated Billing System - Phase I Implementation | 3.00 | 289,079 | 21,704 |
| • Revenue Collection Strategic Plan | 5.00 | 401,483 | 401,483 |
| <i>Subtotal</i> | 7.00 | 497,658 | 116,006 |

City Service Area
Strategic Support
ADOPTED INVESTMENT CHANGES

| Adopted Core Service Changes | Positions | All Funds (\$) | General Fund (\$) |
|---------------------------------------------------------------------------------------------|------------------|-----------------------|--------------------------|
| <i>Other Changes</i> | | | |
| <i>City-Wide Expenses (City-Wide)</i> | | | |
| • 2-1-1 Call Center | | 100,000 | 100,000 |
| • Arena Community Fund | | (125,000) | (125,000) |
| • Banking Services | | 230,000 | 230,000 |
| • City Outreach and Education Efforts | | (30,000) | (30,000) |
| • Drug/Alcohol Treatments | | (10,000) | (10,000) |
| • Employee Recognition Program | | 50,000 | 50,000 |
| • Information Technology Business Applications Support | | 1,375,000 | 1,375,000 |
| • Information Technology Electronic Content Management System | | 1,100,000 | 1,100,000 |
| • Information Technology Test Lab and Inventory Management System | | 1,025,000 | 1,025,000 |
| • Innovation Program | | 100,000 | 100,000 |
| • Police Administration Voice and Data Network Enhancement Project | | 2,000,000 | 2,000,000 |
| • Public Works Standard Plans and Specifications* | | 350,000 | 350,000 |
| • Technology Hardware Replacement | | 160,855 | 160,855 |
| • Technology Legacy Applications Migration | | 1,400,000 | 1,400,000 |
| • Workers' Compensation Reforms | | (540,000) | (540,000) |
| • Miscellaneous Rebudgets | | 24,905,313 | 24,905,313 |
| <i>General Fund Capital, Transfers, and Reserves</i> | | | |
| • Capital Contributions: Central Service Yard Phase I Debt Service Payment Funding Shift | | (796,000) | (796,000) |
| • Capital Contributions: City Hall Network Operations Center Secondary Cooling Systems* | | 1,304,000 | 1,304,000 |
| • Capital Contributions: Rebudget of 2006-2007 Projects | | 5,192,718 | 5,192,718 |
| • Transfers to Other Funds: Vehicle Replacement/ General Fleet | | (150,000) | (150,000) |
| • Earmarked Reserves: Computer and Equipment Reserves Elimination | | (350,000) | (350,000) |

Strategic Support***ADOPTED INVESTMENT CHANGES***

| Adopted Core Service Changes | Positions | All Funds (\$) | General Fund (\$) |
|------------------------------------------------------------------------------------------------------|------------------|-----------------------|--------------------------|
| <i>Other Changes</i> | | | |
| <i>General Fund Capital, Transfers, and Reserves (Cont'd.)</i> | | | |
| • Earmarked Reserves: GASB 43/45 Liability Funding* | | 2,000,000 | 2,000,000 |
| • Earmarked Reserves: Officeholder Accounts Reserve | | 125,000 | 125,000 |
| • Earmarked Reserves: Salary and Benefit Reserve- Voluntary Furlough and Special Reduced Workweek | | (250,000) | (250,000) |
| • Earmarked Reserves: Sunshine Reform Reserve* | | 250,000 | 250,000 |
| • Earmarked Reserves: Rebudgets | | 45,813,221 | 45,813,221 |
| • Contingency Reserve: Rebudget | | 1,848,799 | 1,848,799 |
| <i>Subtotal</i> | 0.00 | 87,078,906 | 87,078,906 |
| Total Core Service Changes | 46.00 | 91,122,897 | 88,639,435 |

* Approved investment change is a new initiative/spending item since the 2006-2007 Adopted Budget.

Service Delivery Framework

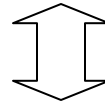
CITY SERVICE AREA
A cross-departmental collection of core services that form one of the City's 7 key "lines of business"

MISSION STATEMENT
Why the CSA exists

Strategic Support CSA

Mission:

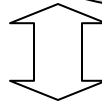
To effectively develop, manage and safeguard the City's fiscal, physical, technological and human resources to enable and enhance the delivery of City services and projects.



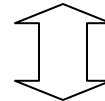
CSA OUTCOMES
The high level results of service delivery sought by the CSA partners

Outcomes:

- A High Performing Workforce that is Committed to Exceeding Internal and External Customer Expectations
- Safe and Functional Public Infrastructure, Facilities, and Equipment
- Effective Use of State-Of-The-Art Technology
- Sound Fiscal Management that Facilitates Meeting the Needs of the Community



PRIMARY PARTNERS
Departments with Core Services that contribute to achievement of CSA Outcomes



CORE SERVICES
Primary deliverables of the organization

Finance Department

Core Services:

Debt Management

Disbursements

Financial Reporting

Purchasing and Materials Management

Revenue Management

General Services Department

Core Services:

Facilities Management

Fleet and Equipment Services

Service Delivery Framework

Strategic Support CSA (Cont'd.)

PRIMARY PARTNERS (CONT'D.)
Departments with Core Services that
contribute to achievement of CSA
Outcomes

CORE SERVICES (CONT'D.)
Primary deliverables of the organization

Human Resources Department

Core Services:

Employee Benefits

Employment Services

Health and Safety

Performance Development

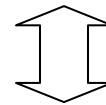
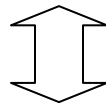
Information Technology Department

Core Services:

Manage and Support the
Information Technology
Infrastructure

Provide Enterprise Technology
Systems and Solutions

Support Departmental
Technology Services



Public Works Department

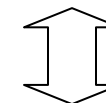
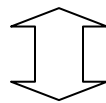
Core Services:

Plan, Design and Construct
Public Facilities and
Infrastructure

Retirement Department

Core Services:

Administer Retirement Plans



OPERATIONAL SERVICES
Elements of Core Services; the "front-line"
of service delivery

STRATEGIC SUPPORT
Organization-wide guidance and support
to enable direct service delivery

